



U.S. Economic Outlook

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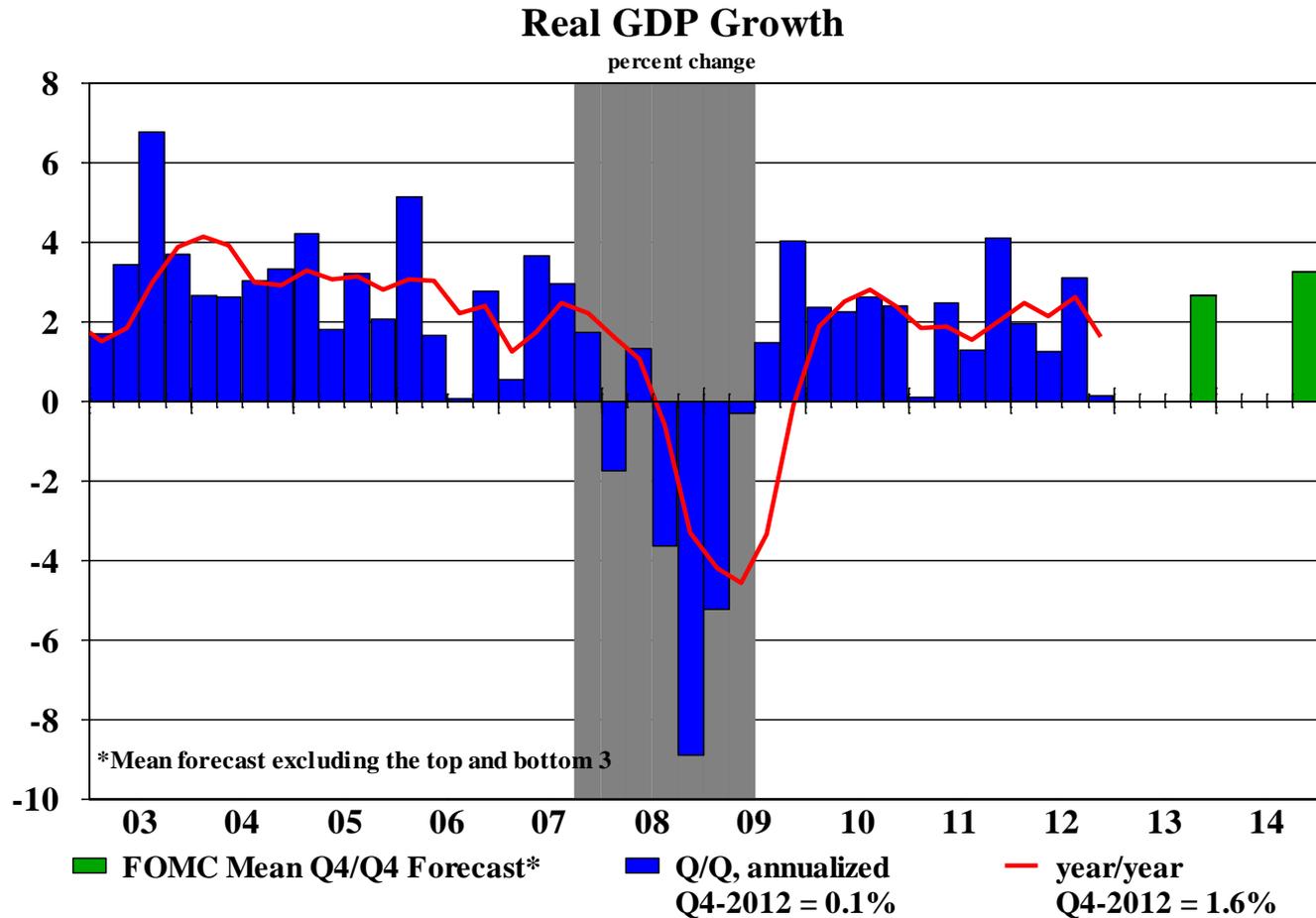
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 - Slower growth abroad & weaker outlook for Europe

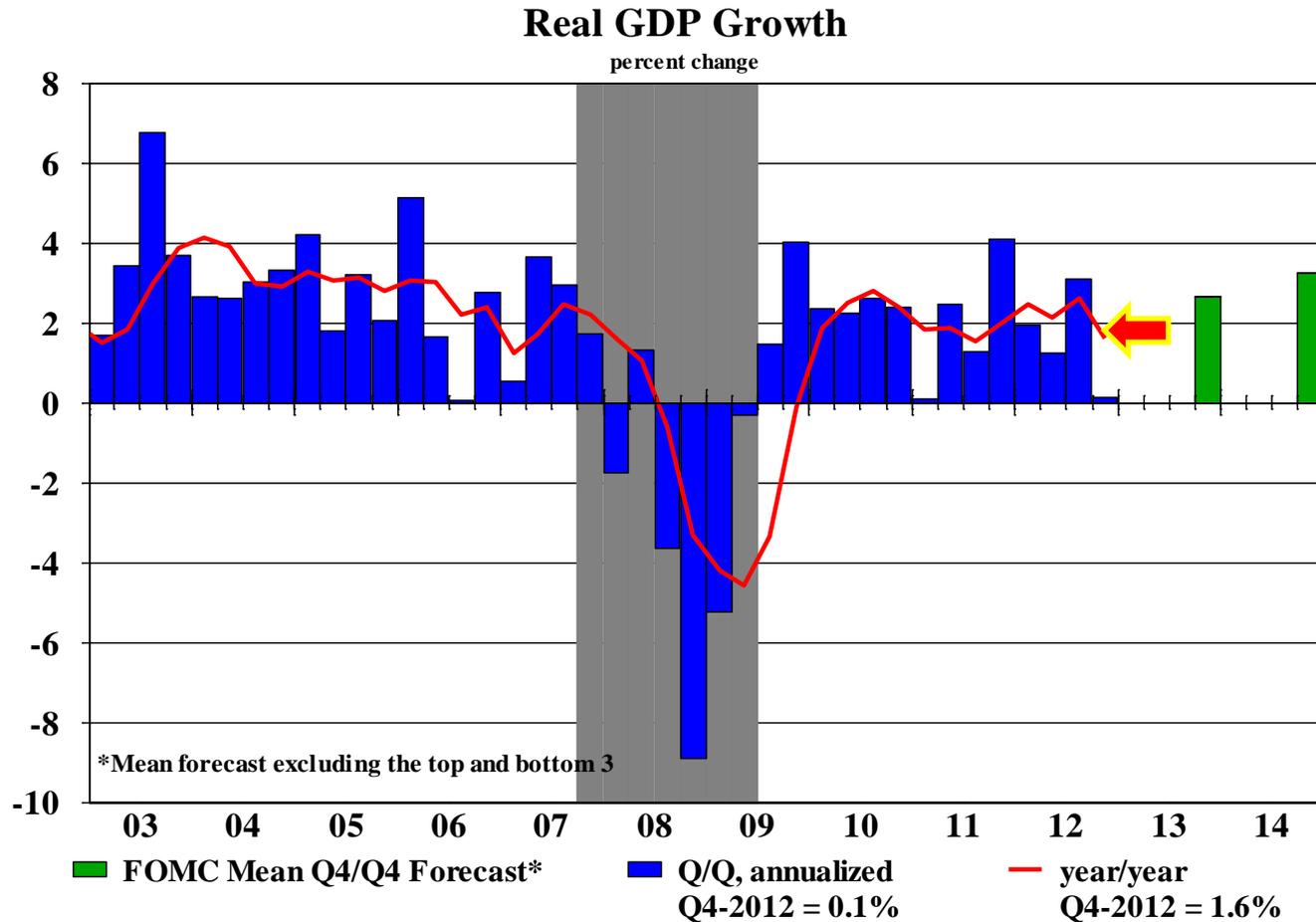
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- Inflation is expected to moderate with longer-term inflation expectations remaining stable

FOMC anticipates moderate increase in growth

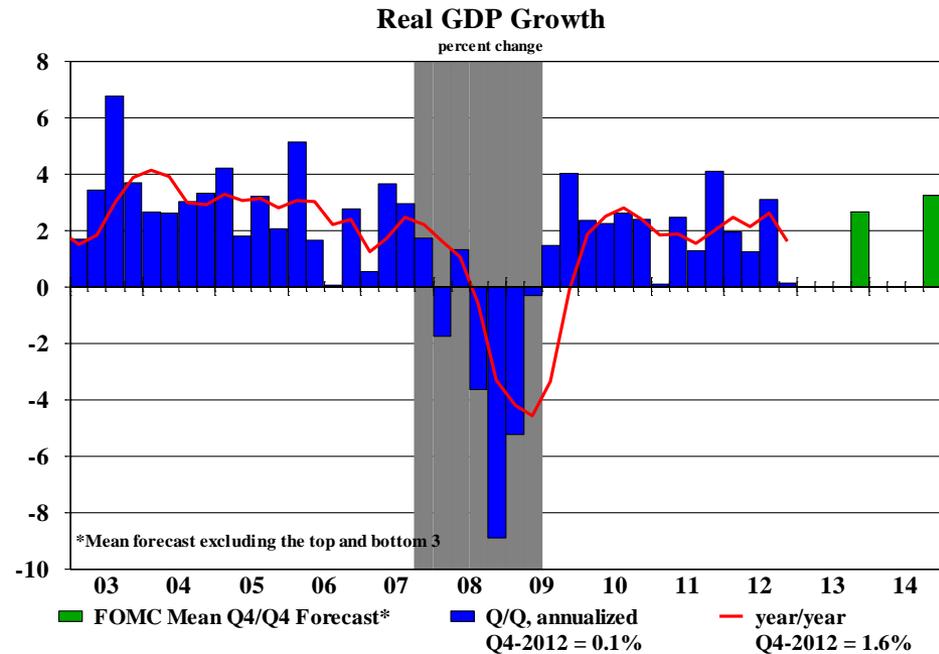


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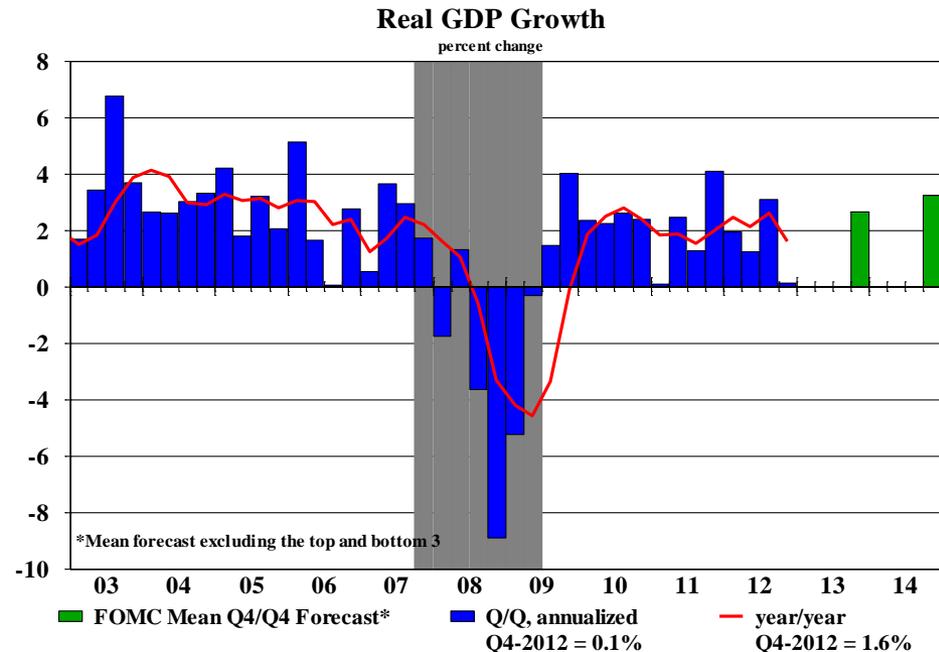
Factors contributing to weaker growth

- Imbalances in the housing market



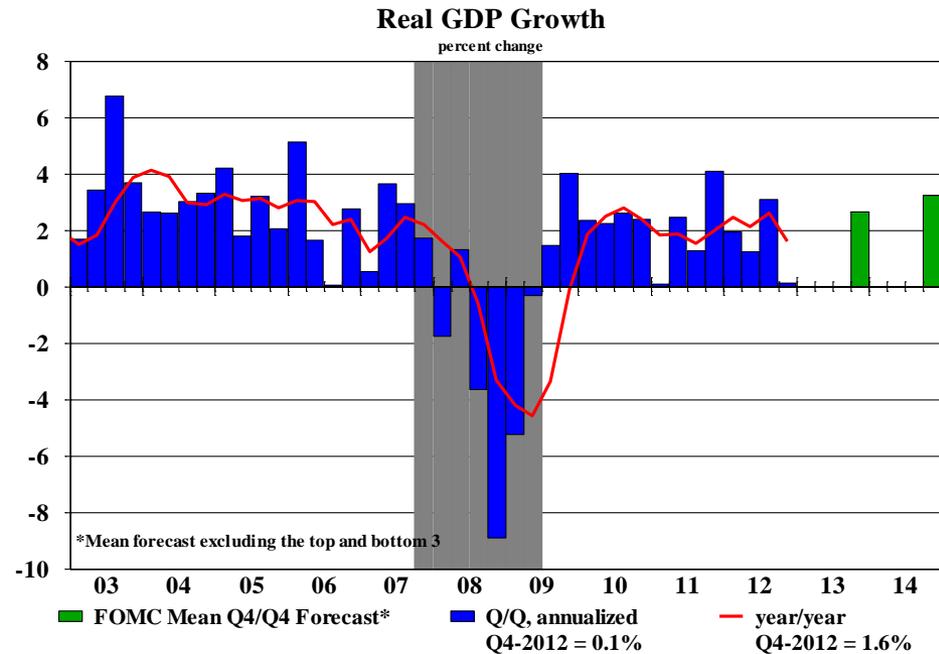
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Factors contributing to weaker growth

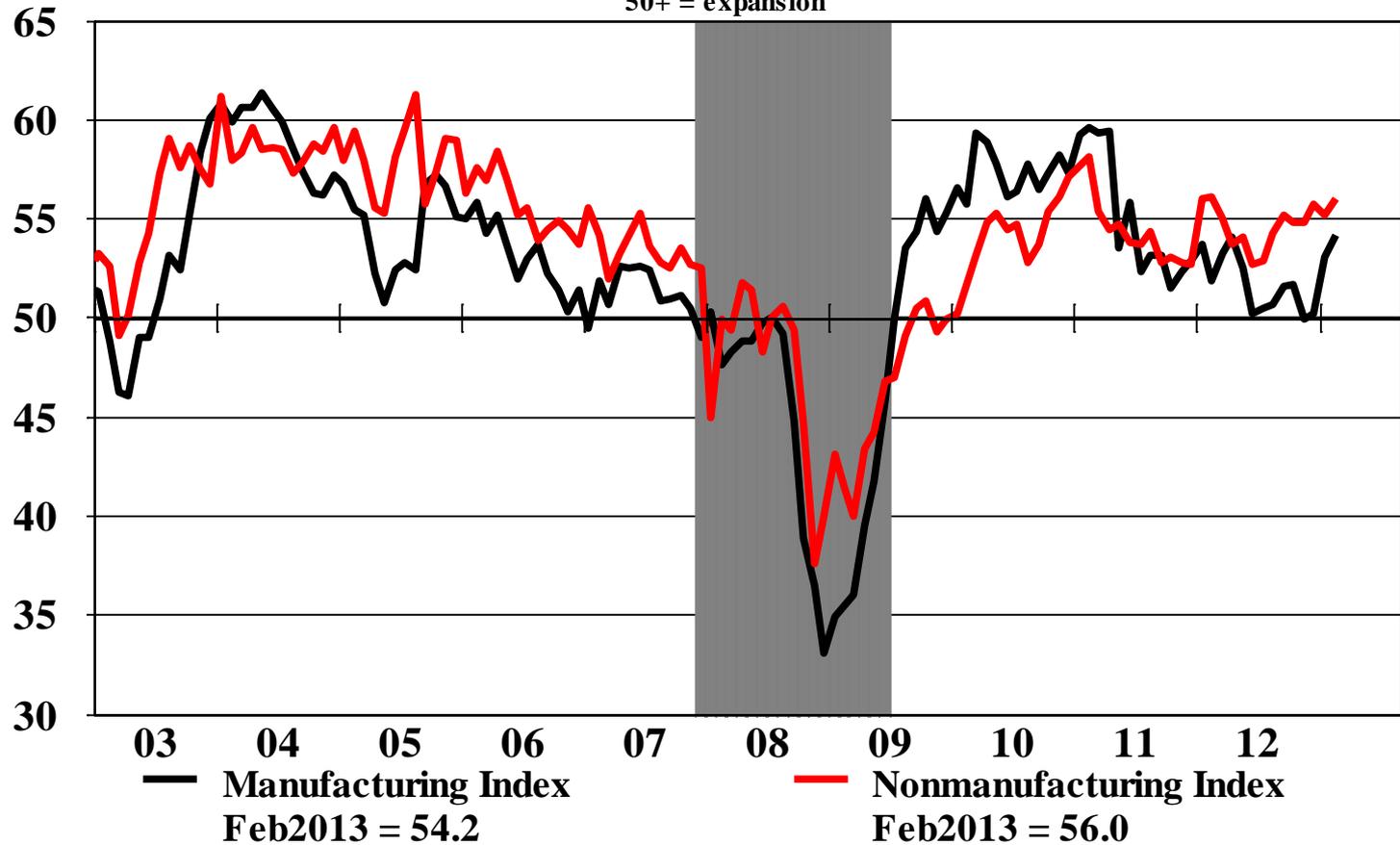
- Imbalances in the housing market
- Weaker consumer spending
- Sources of uncertainty



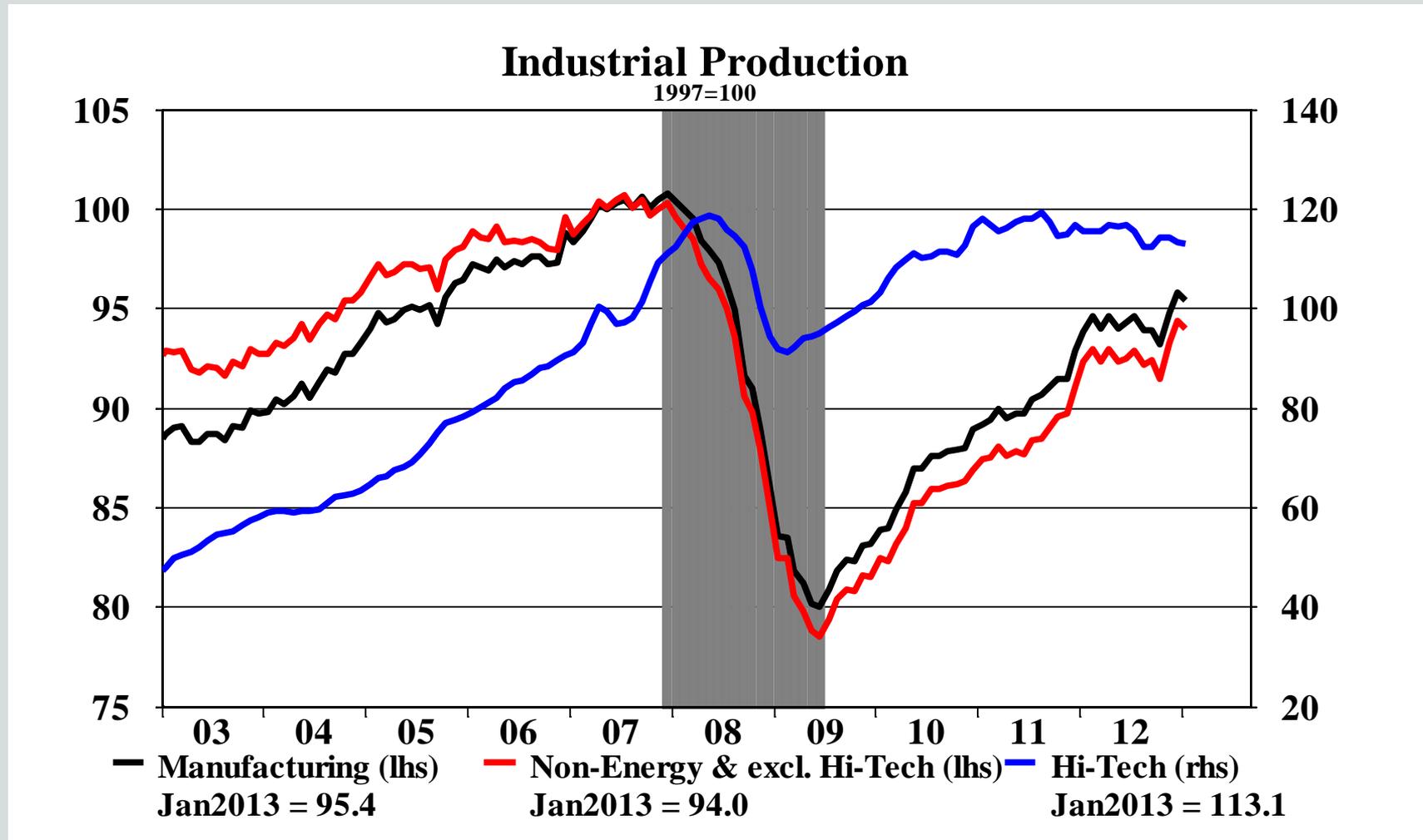
Surveys indicate a pick up in activity in recent months

Institute for Supply Management (ISM) Surveys

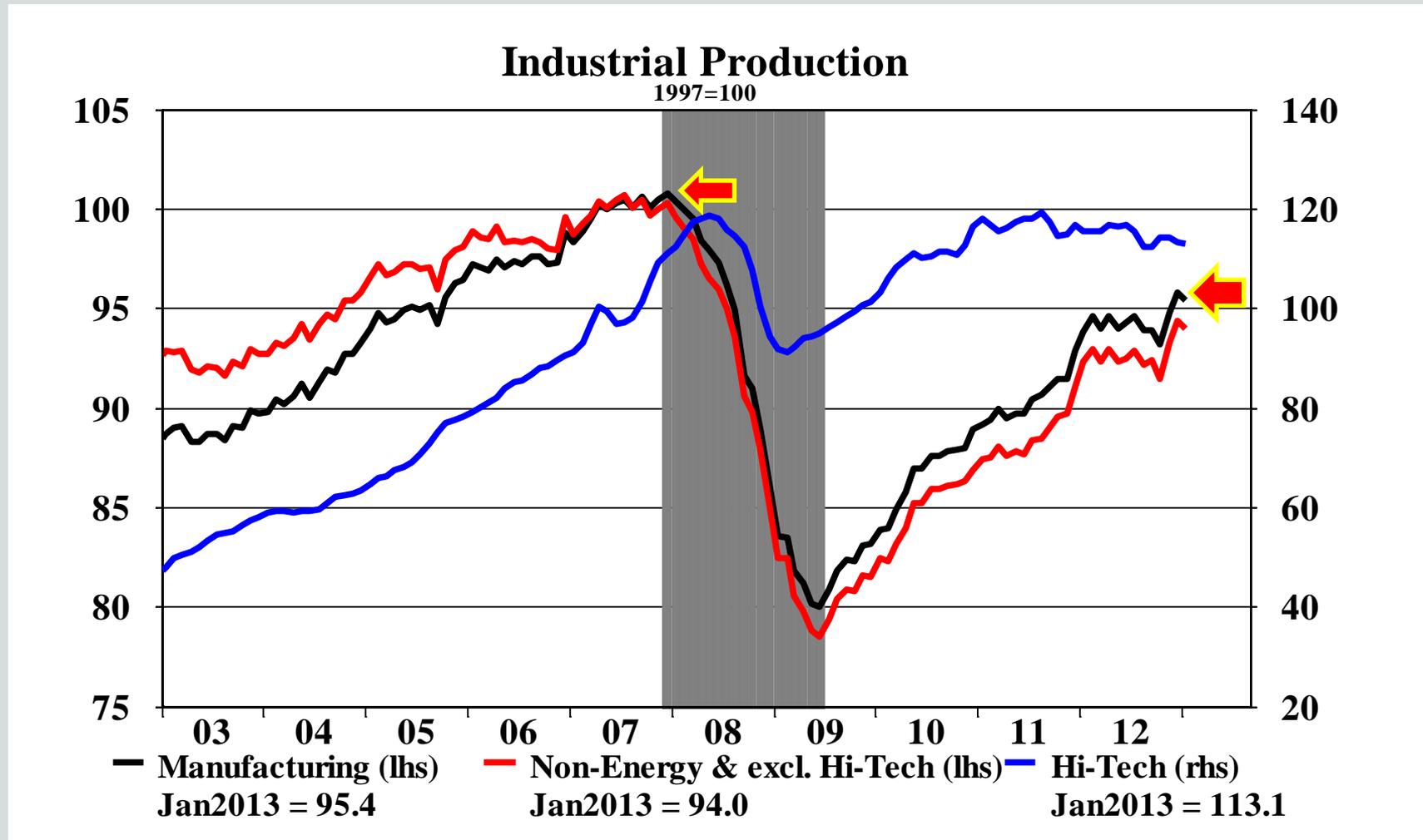
50+ = expansion



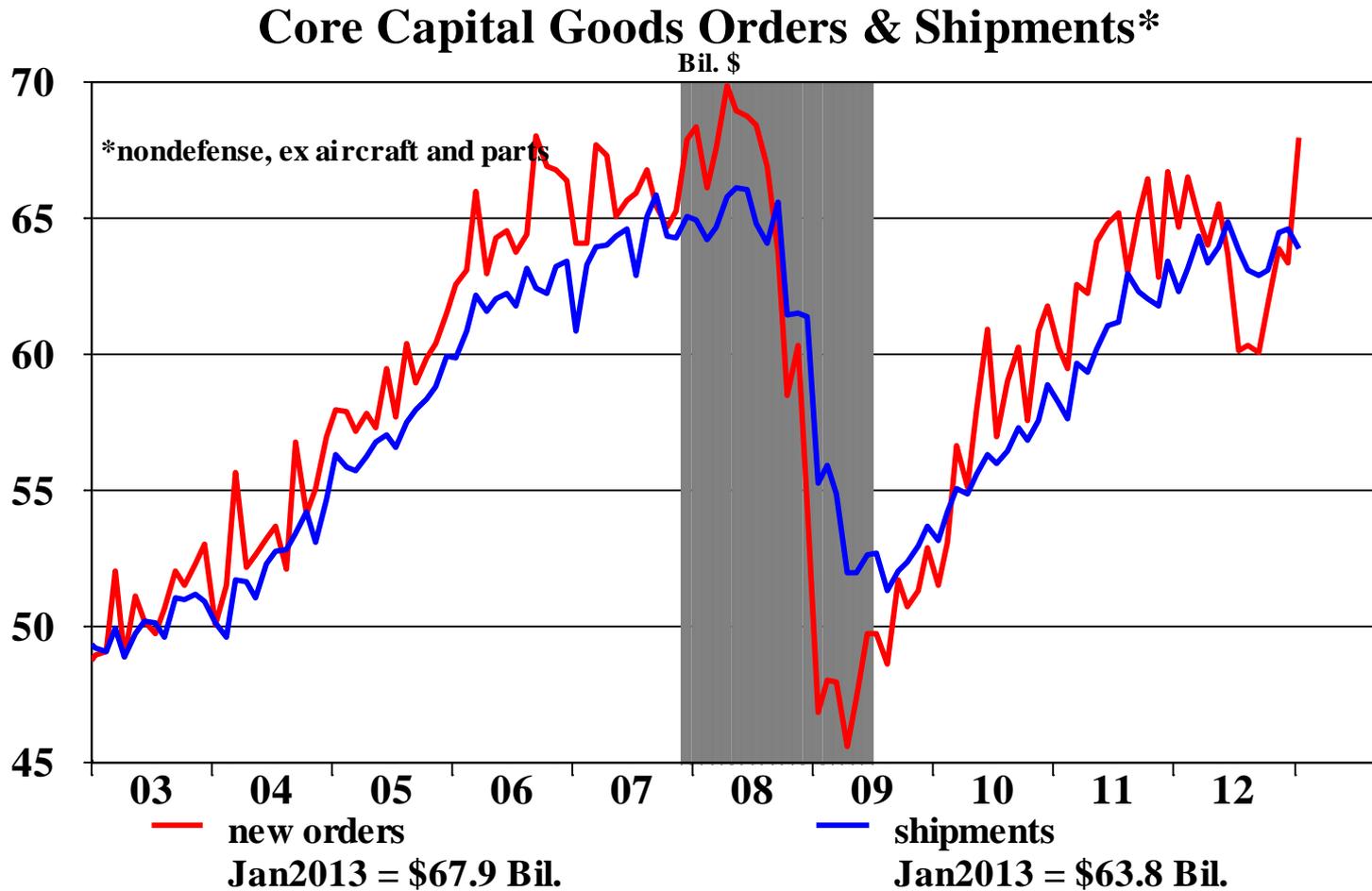
Manufacturing improves after softening in 2012



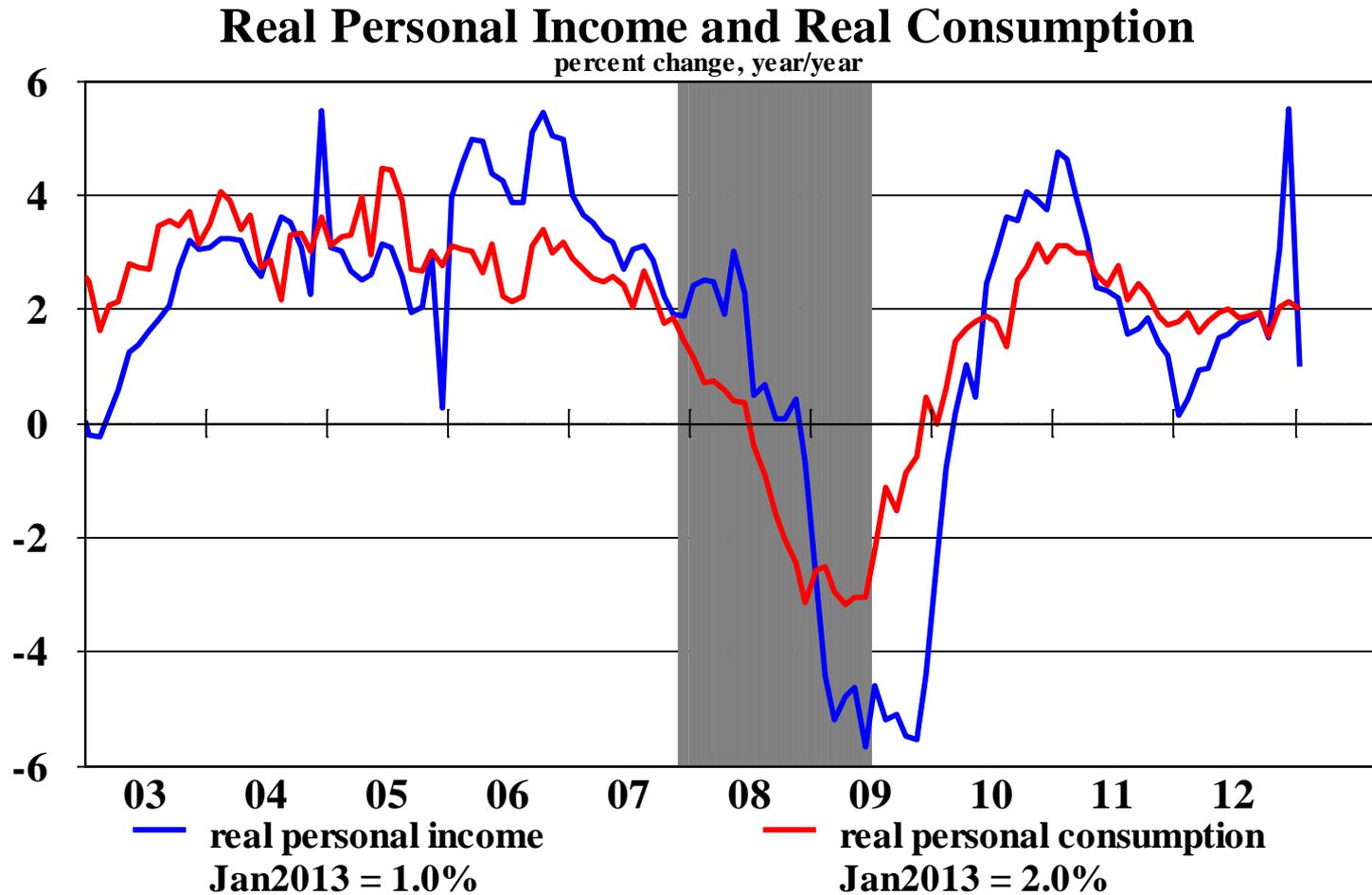
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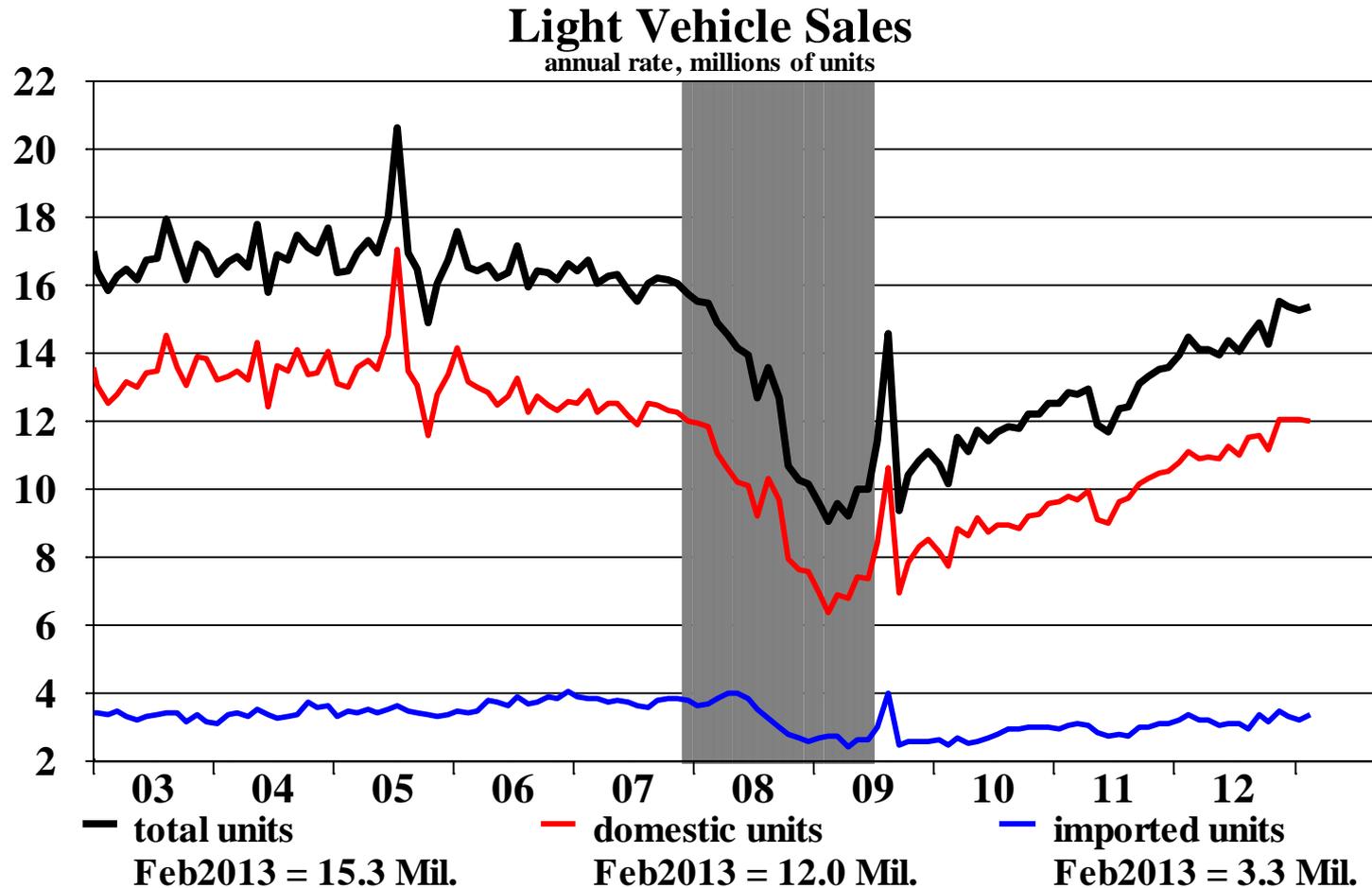
Rebound in orders for capital goods



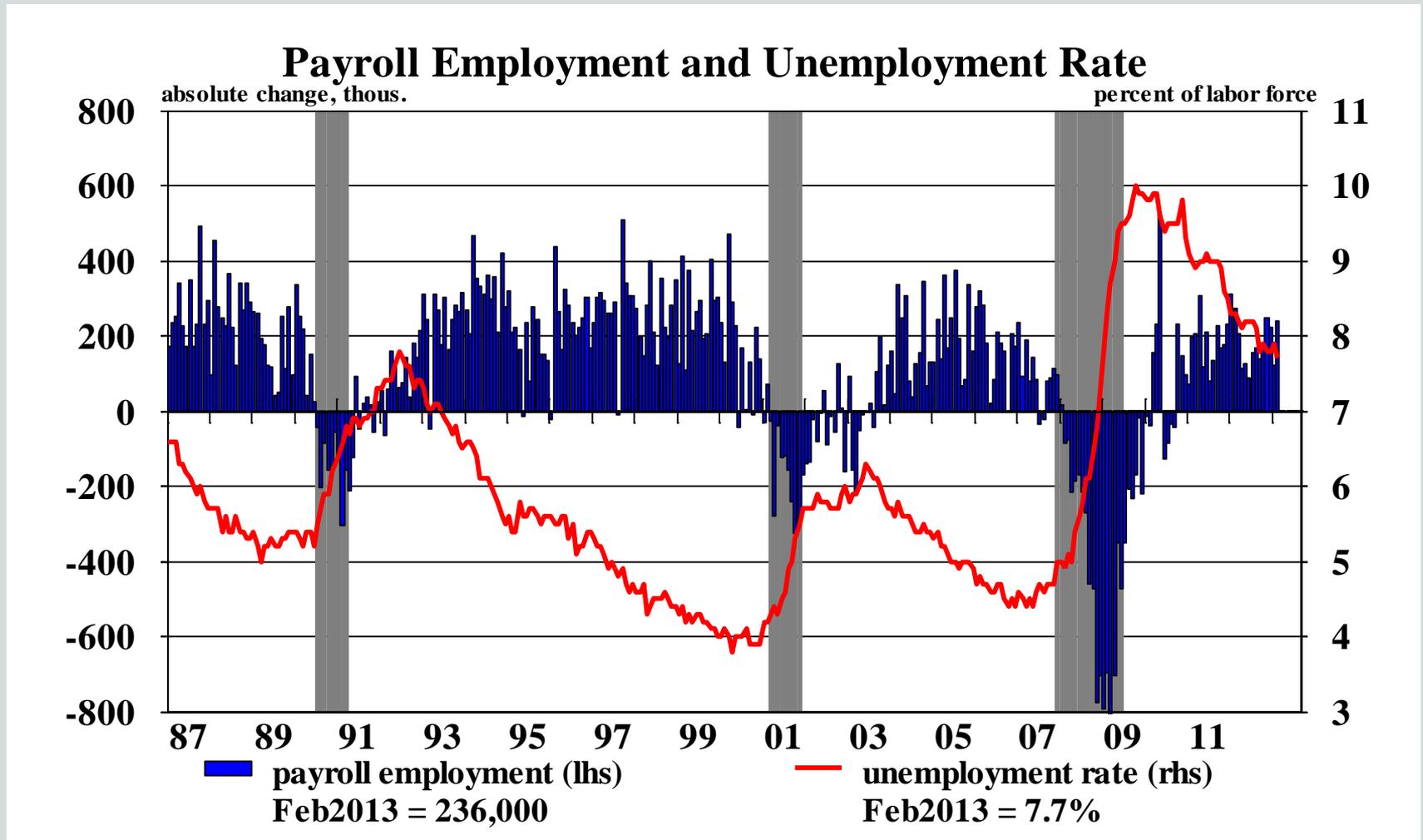
Moderate income and consumption growth



Light vehicle sales not yet to pre-recession levels

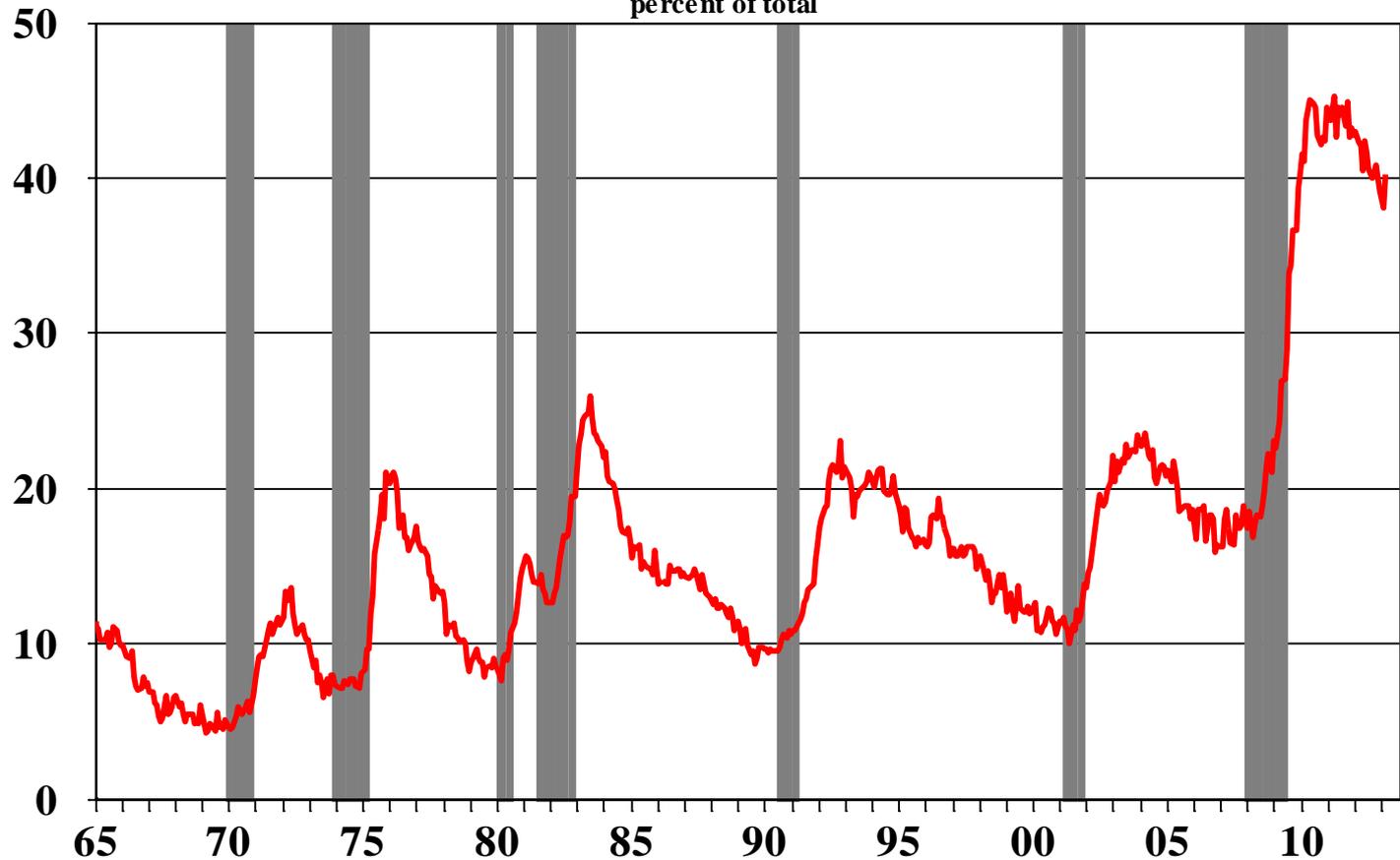


Labor market stronger than expected in recent months



Long-term unemployed a significant concern

Unemployed 27 Weeks and Over percent of total

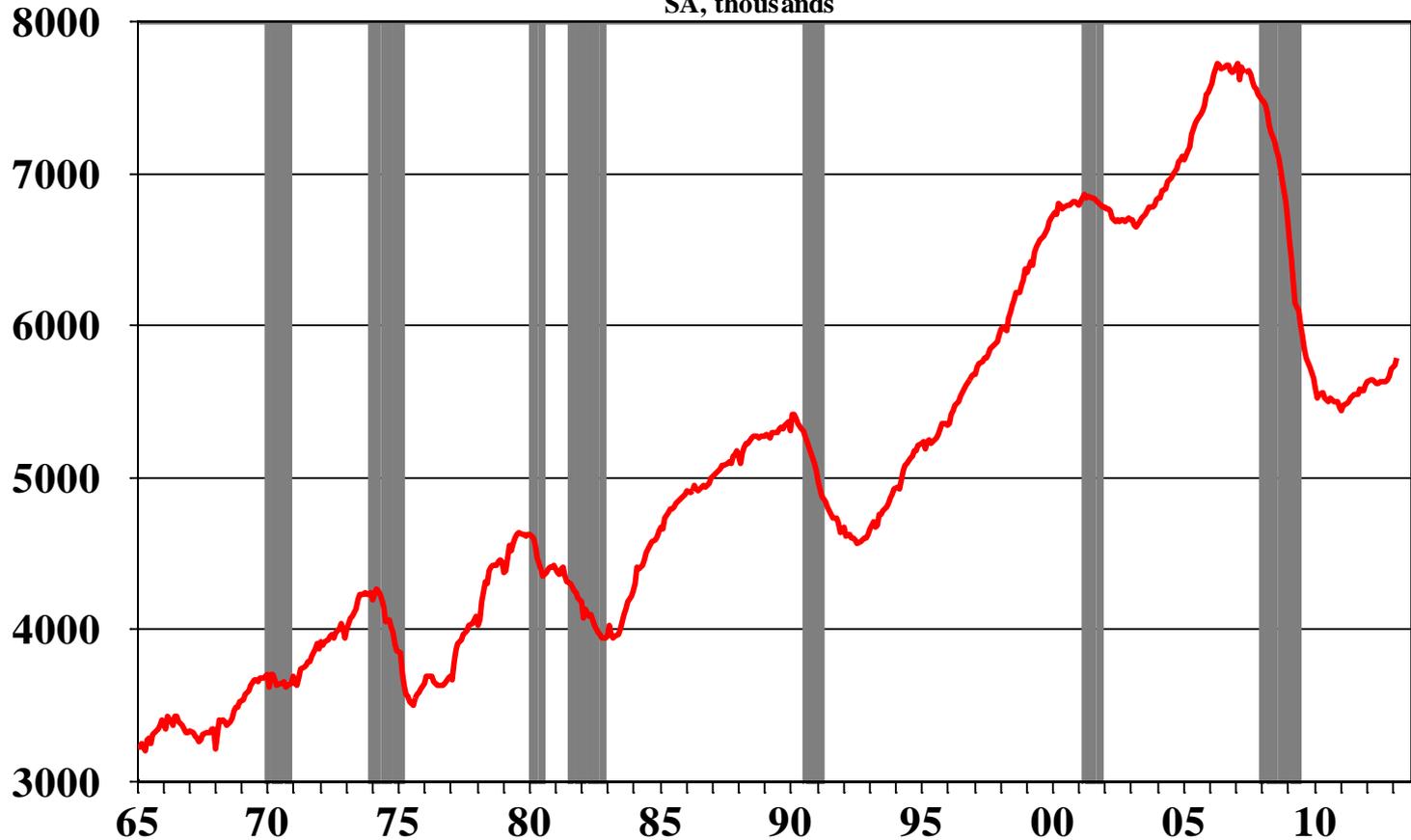


Source: Bureau of Labor Statistics/Haver Analytics

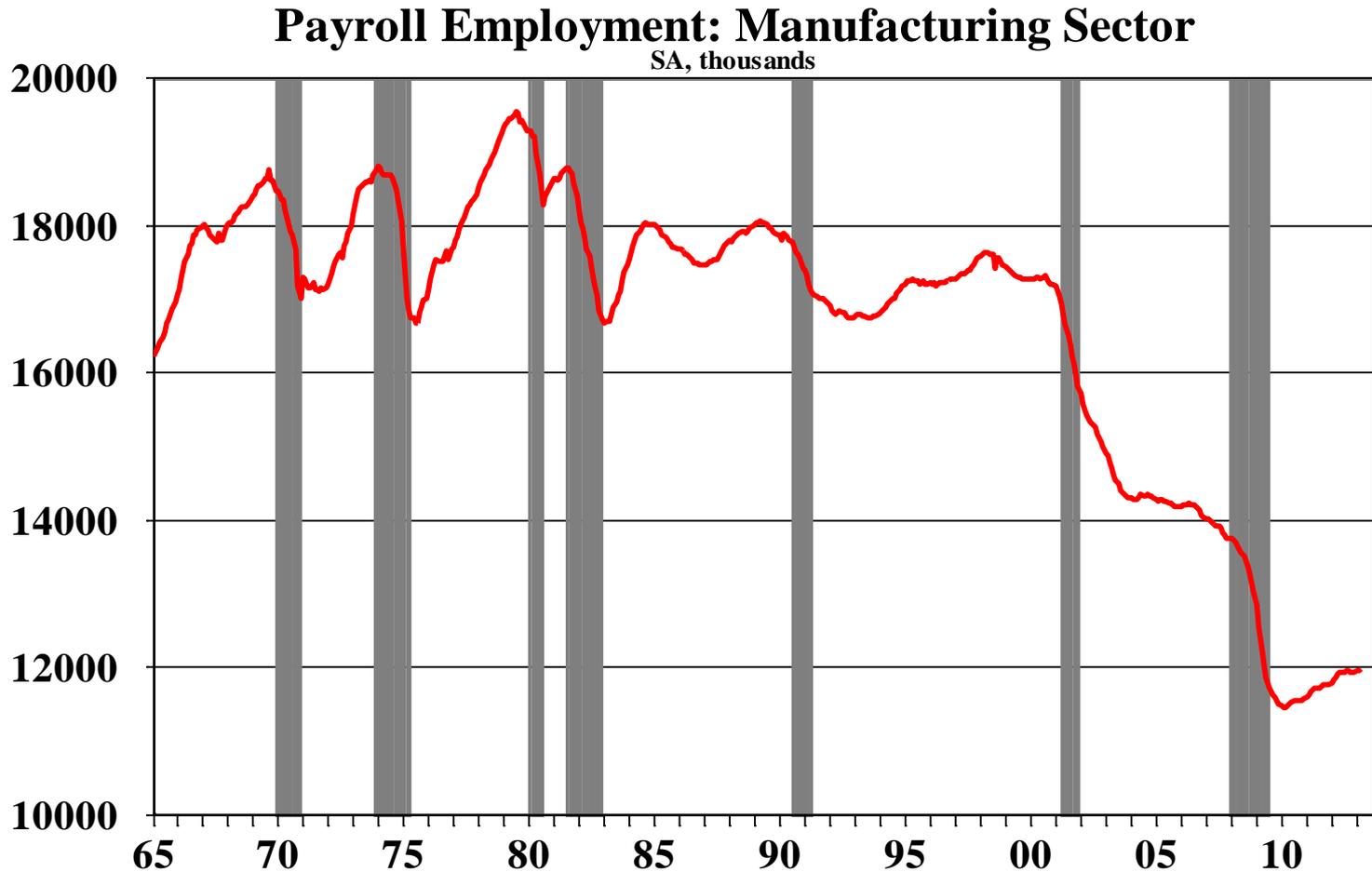
Construction sector finally on the upswing

Payroll Employment: Construction Sector

SA, thousands



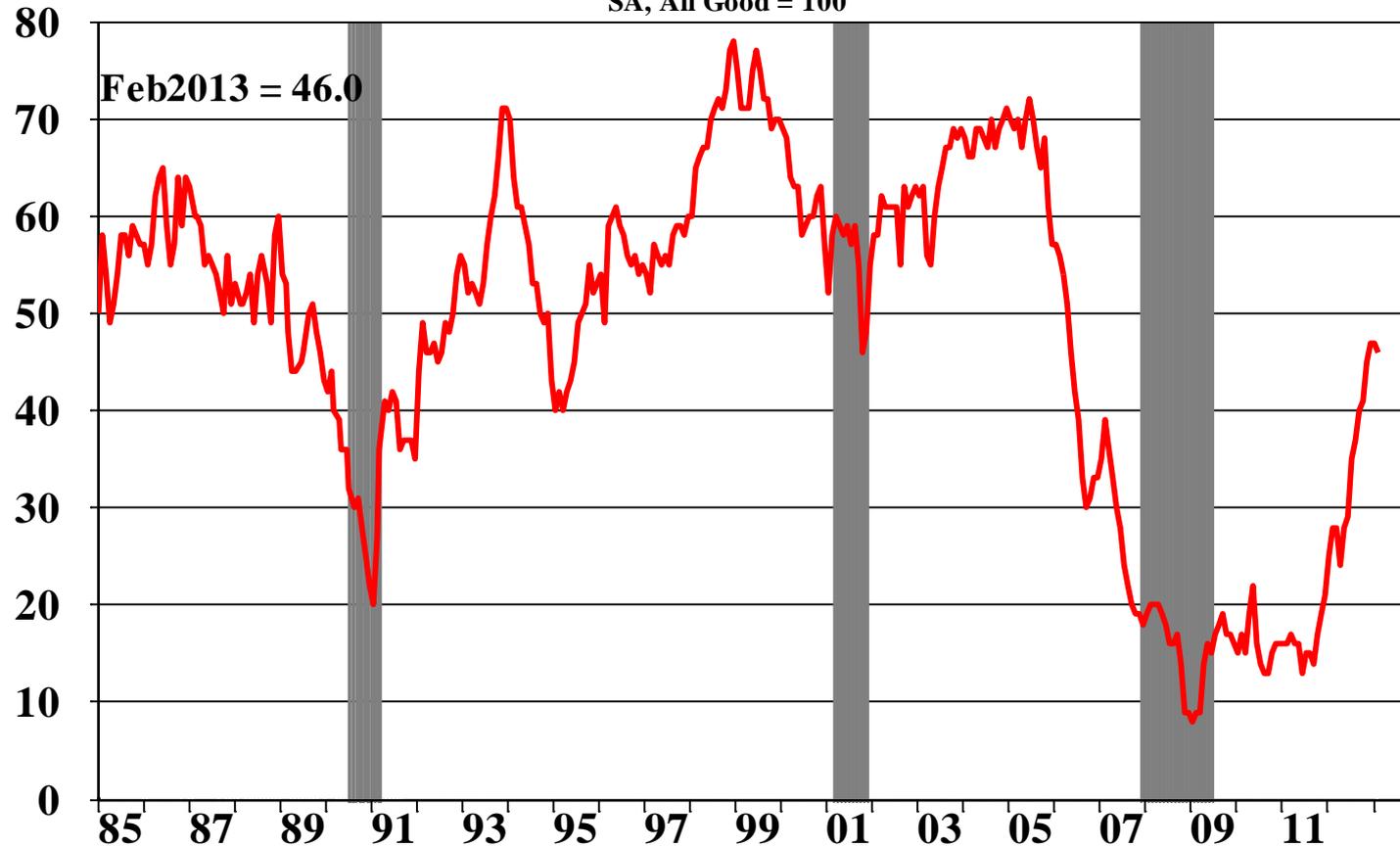
Shift in the manufacturing sector



Finally, outlook for the housing market on the upswing

Home Builders Housing Market Index

SA, All Good = 100

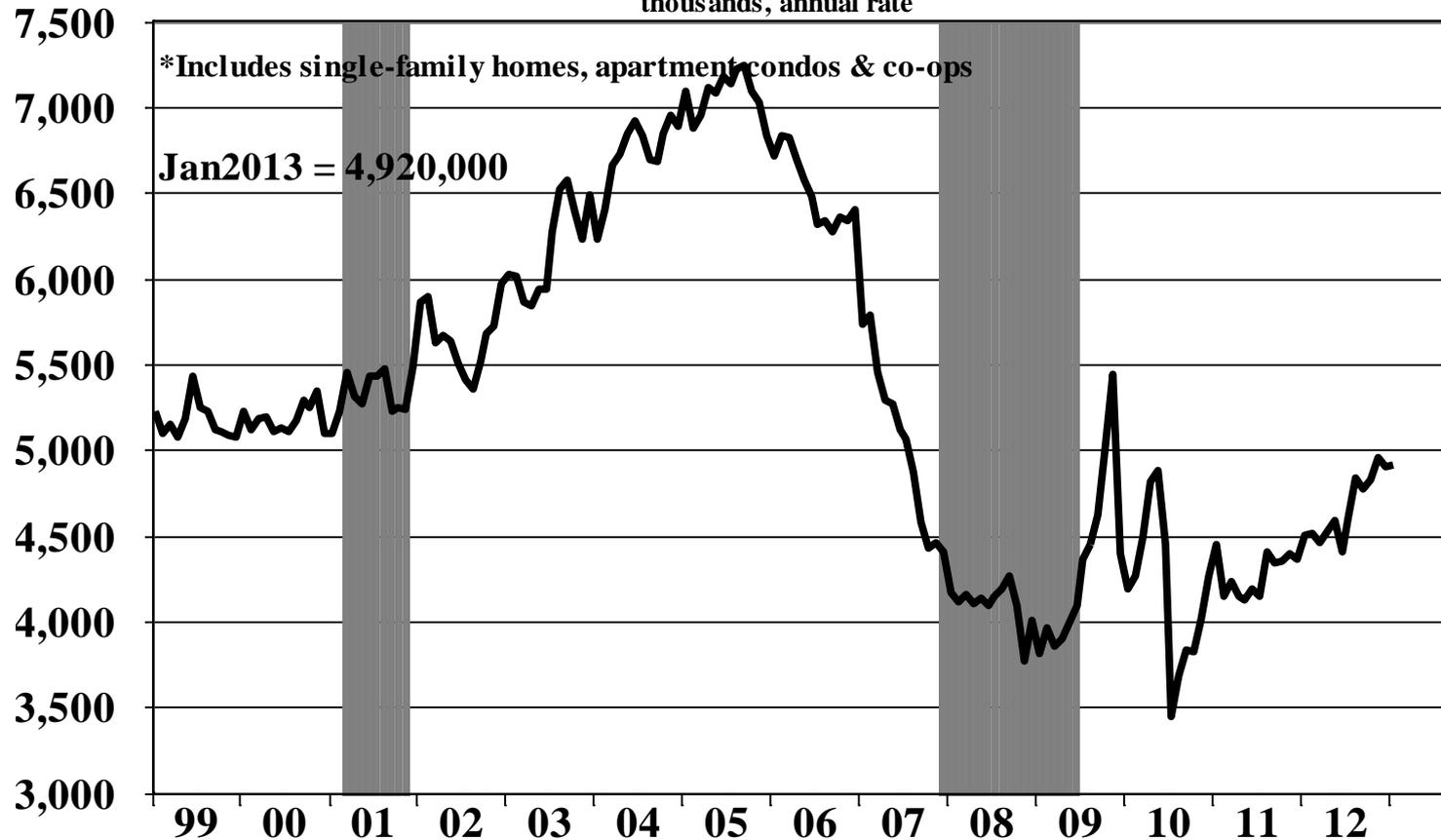


Source: National Association of Homebuilders/Haver Analytics

Finally, outlook for the housing market on the upswing

Total Existing Home Sales*

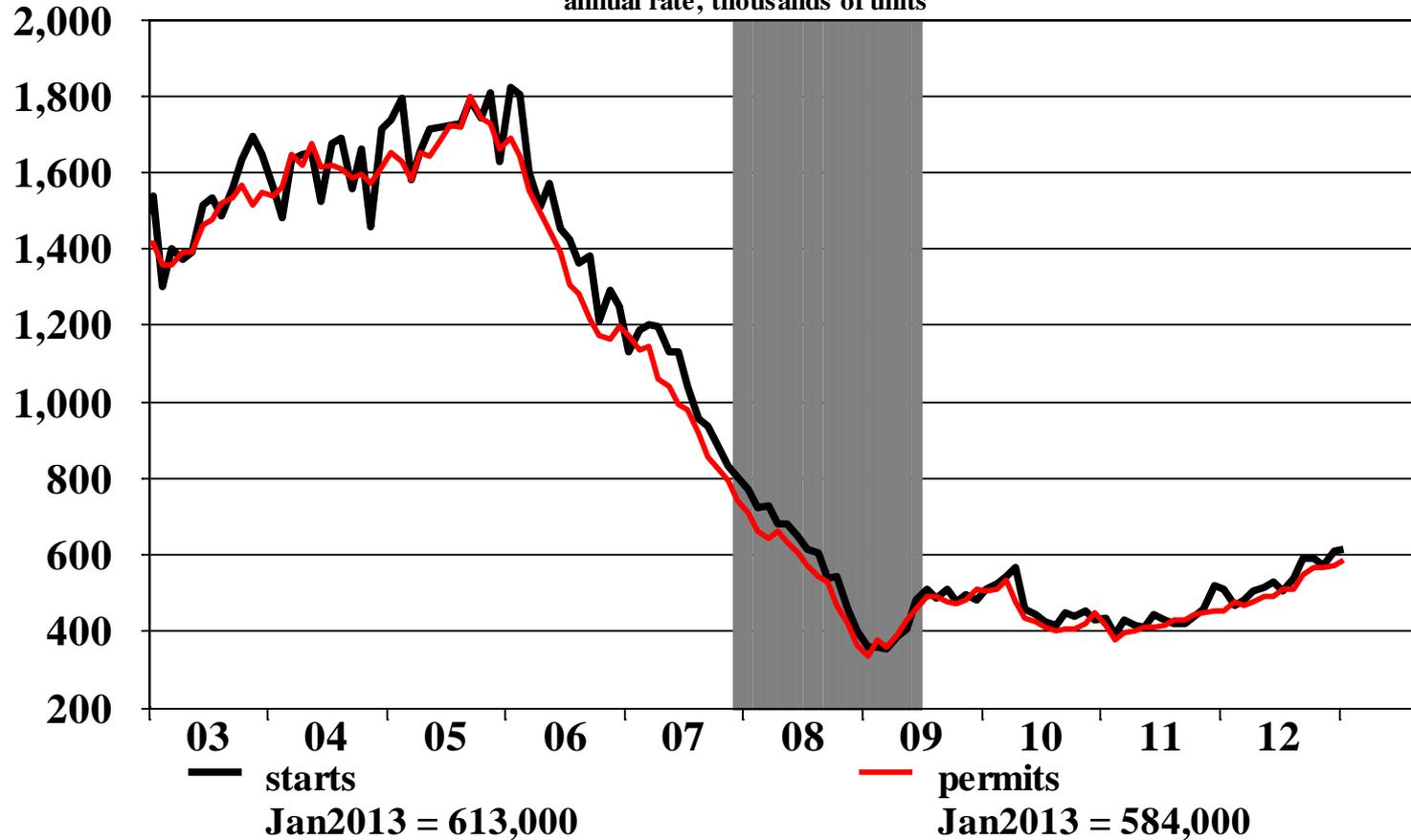
thousands, annual rate



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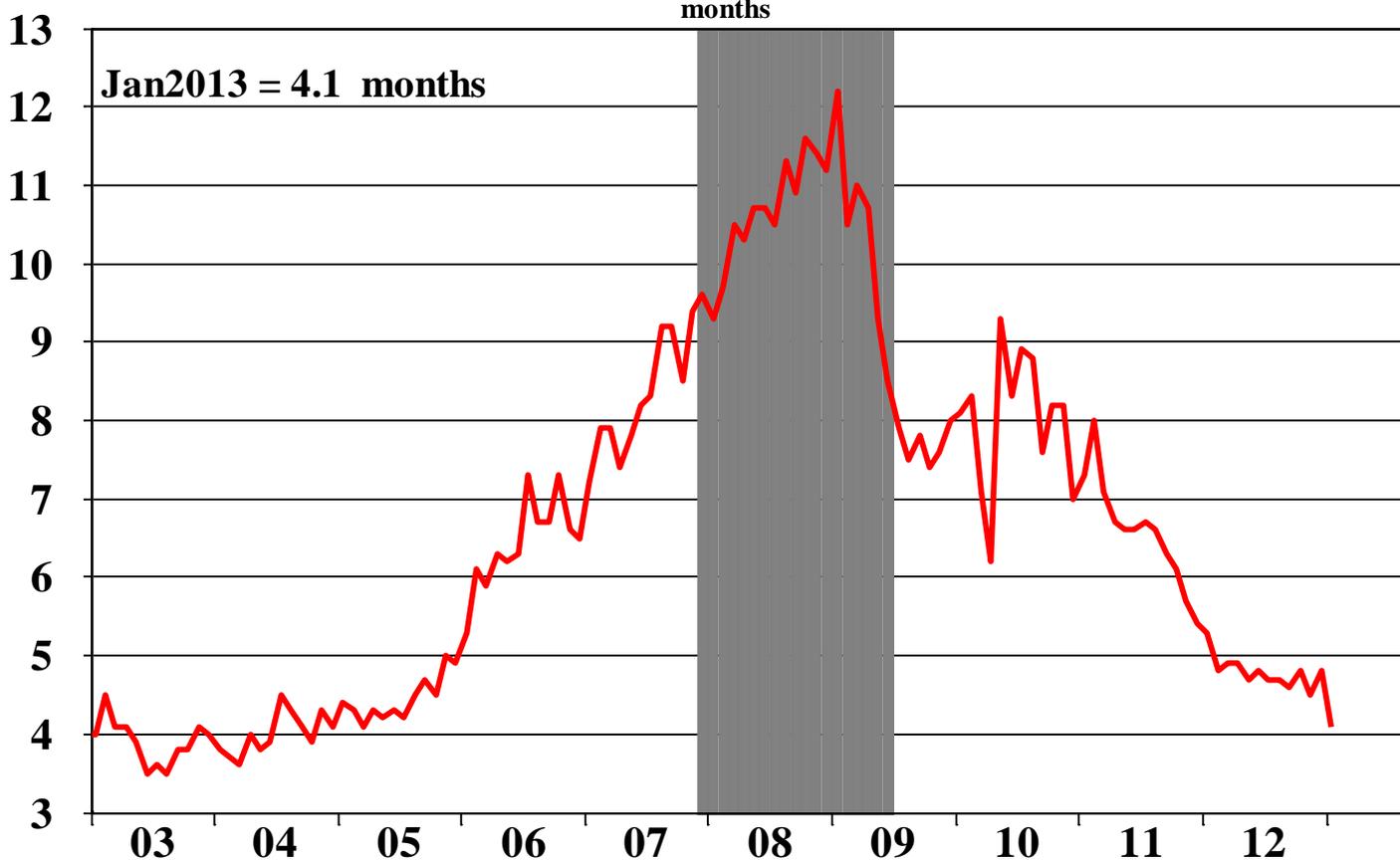
Single-Family Housing Starts & Permits

annual rate, thousands of units



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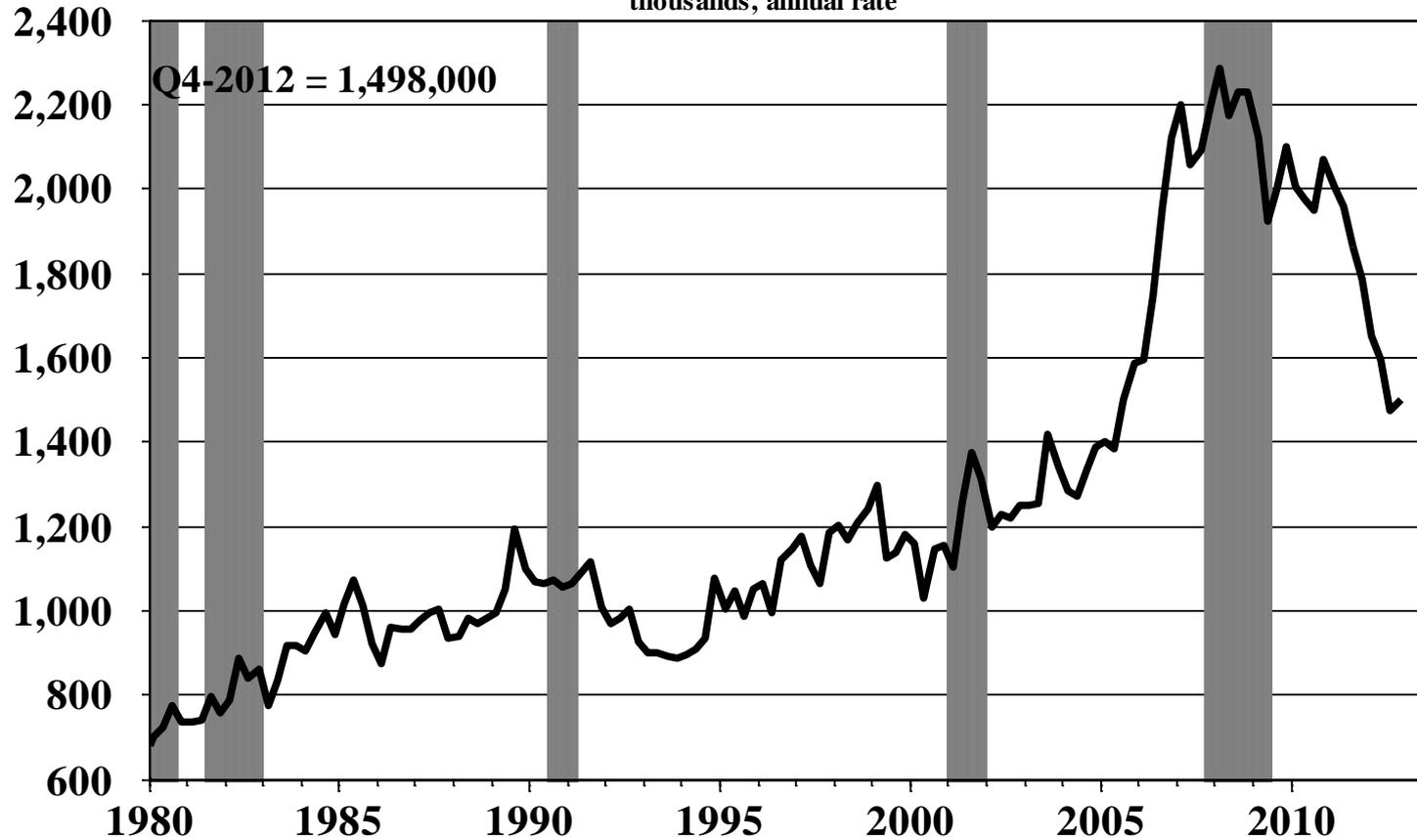
Supply of Single Family New Homes



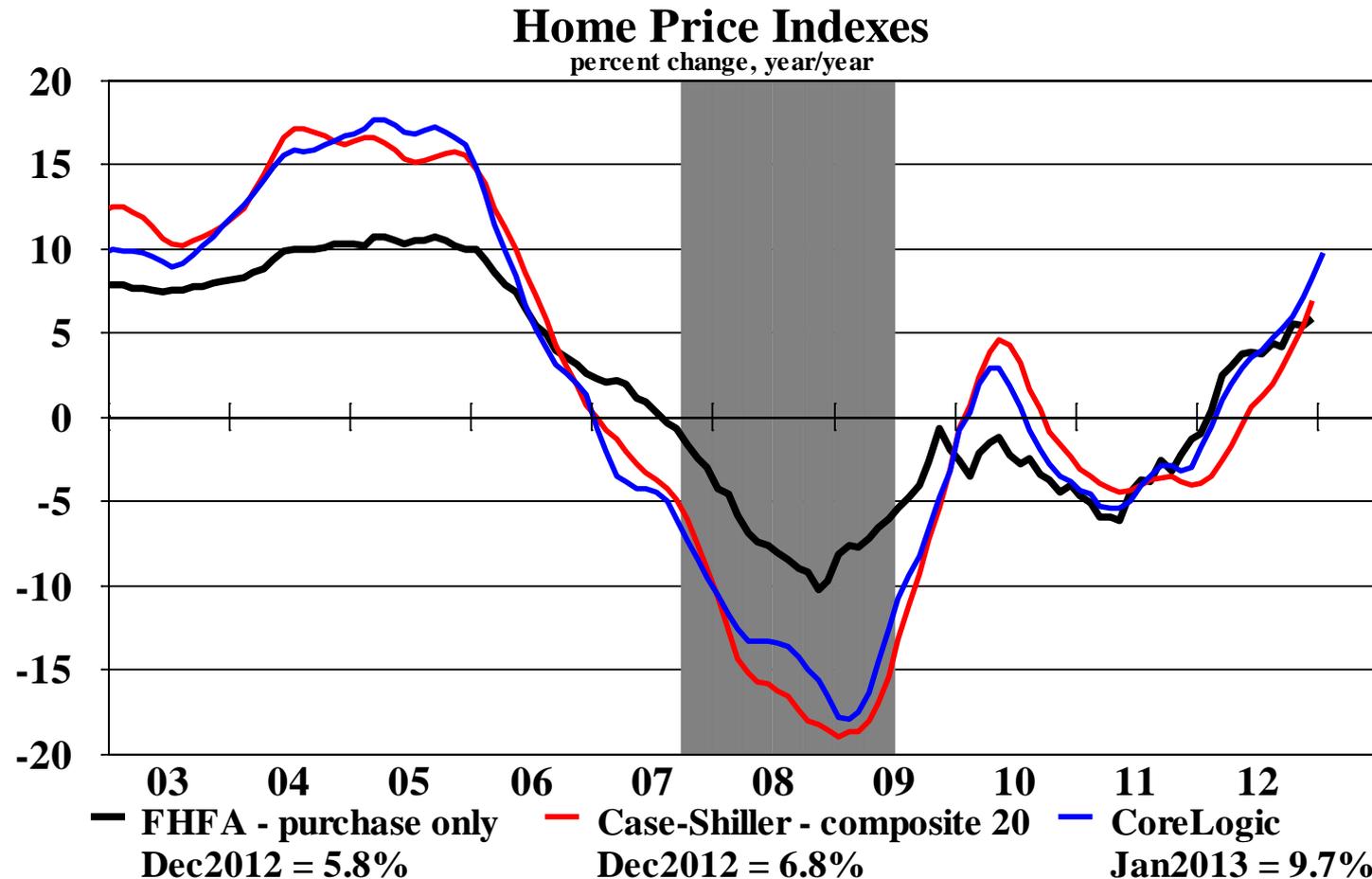
Finally, outlook for the housing market on the upswing

Total Vacant Housing Units For Sale

thousands, annual rate



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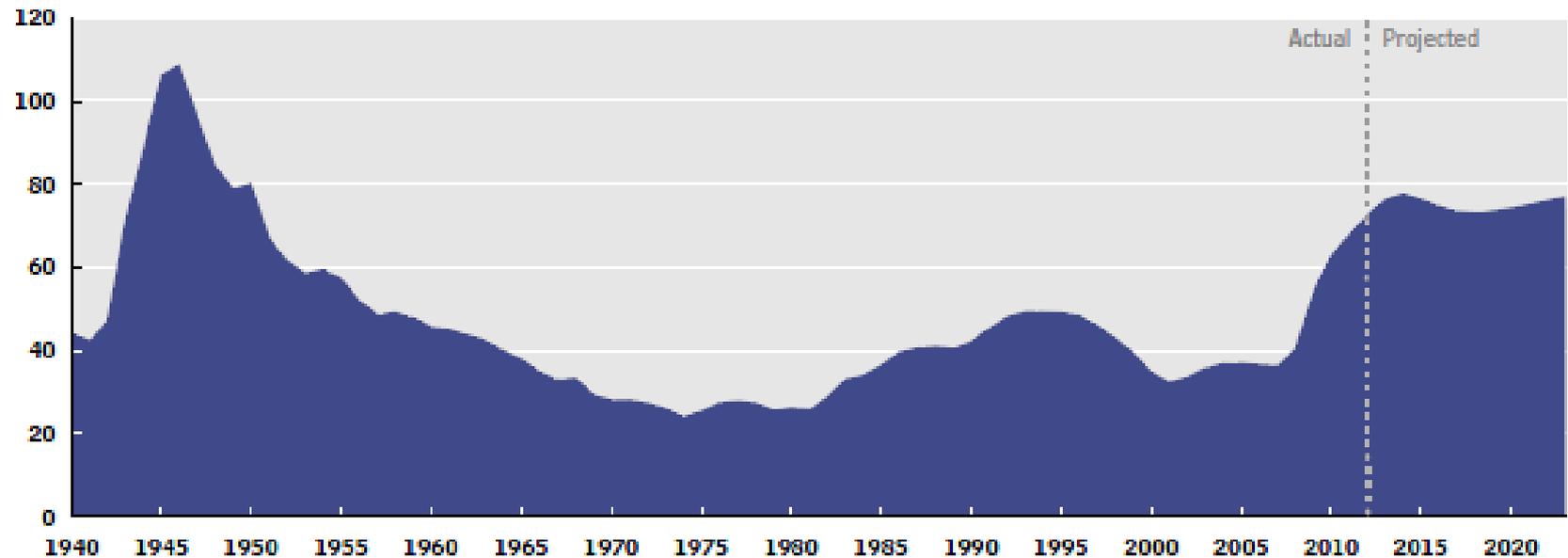


Back to uncertainty ...

Long-term budget outlook remains in focus

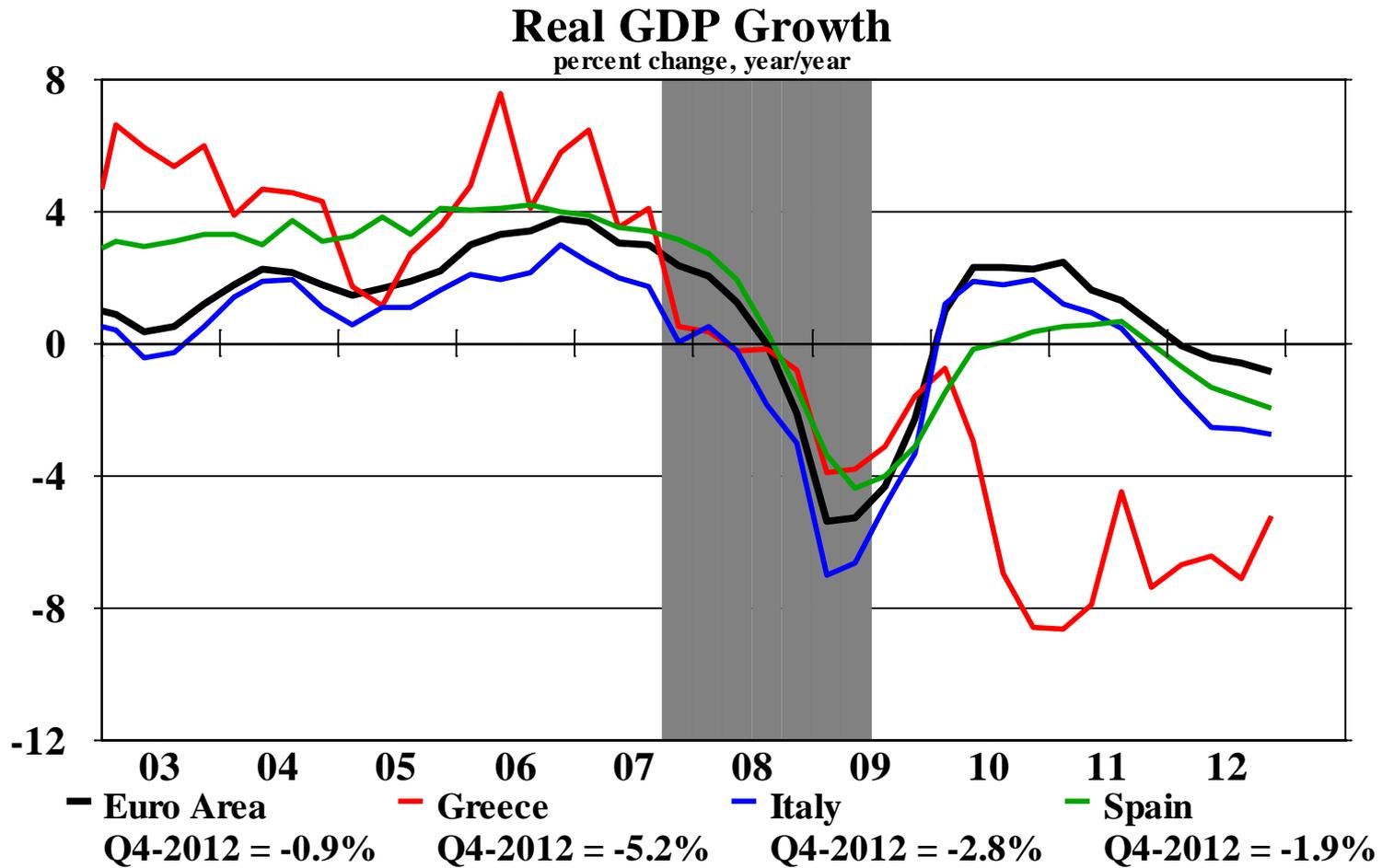
Federal Debt Held by the Public

(Percentage of gross domestic product)



Source: Congressional Budget Office.

Outlook for Europe challenging



In conclusion

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- Monetary policy continues to be very accommodative to promote economic growth and price stability



The views expressed here are those of the author, and do not necessarily represent those of the Federal Reserve Bank of Richmond or the Federal Reserve System.

